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C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000261

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TAGS: [EPET](#) [PGOV](#) [PHUM](#) [PREL](#) [TX](#) [US](#)
SUBJECT: MEREDOV: TURKMENISTAN READY TO EXPLORE PIPELINE
DIVERSIFICATION

REF: ASHGABAT

Classified By: Classified by Charge d'Affaires Jennifer L. Brush for reasons 1.4 (B) and (D).

Summary

1. (C) During a March 5 meeting with SCA PDAS Steven Mann, Turkmenistan Foreign Affairs Deputy Chairman/Minister Rashit Meredov stated that Turkmenistan was reexamining its gas pipeline options and was ready to move forward with new gas relationships. He and Mann agreed to hold expert-level bilateral discussions on the possibility of beginning work on a gas pipeline across the Caspian Sea, even as Meredov continued to insist that construction of such a pipeline depended on successful delimitation of Turkmenistan's border with Azerbaijan. When Mann privately pushed Meredov for "real changes" in human rights areas, Meredov also told Mann that his country was examining a variety of areas and would look at the freedom of movement restrictions. End Summary.

A Fork in the Road in Hydrocarbon Management

2. (C) PDAS Mann's 30-minute with Foreign Affairs Deputy Chairman/Minister Rashit Meredov took place at short notice after Meredov had a chance to study the presentation that Mann had made to President Berdimuhammedov (septel). Referring to Assistant Secretary Boucher's "very important and constructive" February 15 meeting with Berdimuhammedov (reftel), Meredov said that his government had decided to have a dialogue with the United States; in that context, Mann's visit was "very important."

3. (C) Handing a copy of his presentation to Meredov, Mann said that the management, rather than the volume, of Turkmenistan's natural gas reserves was most important. Turkmenistan had to decide whether it wanted to do things in the old way, or to explore new directions. Of course, Turkmenistan still needed to maintain relations with China

and Russia, but the question was whether it also wanted to move forward with new energy relationships. The way Turkmenistan chose to manage its resources would affect its sovereignty and independence.

Meredov Seeks U.S. Help with Delimitation

¶4. (C) Meredov agreed that gas sales were an important strategic issue that affected Turkmenistan's economy. While cooperation with Russia, Iran and China had been necessary, Berdimuhammedov had decided to look at other options. "We" well remembered the discussions for the Trans-Caspian pipeline, but "history went otherwise." However, Turkmenistan was now reevaluating its options, including when and how it could delimit its sea border with its "neighboring nation across the sea" (i.e., Azerbaijan), and needed to call on PDAS Mann for assistance.

¶5. (C) Meredov noted that there were different methodologies for resolving water boundaries, depending upon whether the body was a lake, open sea or closed basin. Mann responded that Kazakhstan, Russia and Azerbaijan, in fact, had used a modified median line in order to resolve their boundaries and his sense was that a modified median line would be the end result for Turkmenistan as well. Meredov, picking up a line often used by former President Niyazov, complained that Azerbaijan had started exploiting its resources without first gaining a legal resolution of its disputed borders; this was not consistent with international practice. Turkmenistan wanted to resolve its dispute with Azerbaijan and had written a letter a month to the Azerbaijan side. However, the two

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had not been able to agree on a solution.

¶6. (C) Mann advised that claims on existing producing fields would be a nonstarter. He related that Azerbaijan's president Ilham Aliyev had once told him that he had wanted to carry out negotiations with Turkmenistan, but the question was with whom he could talk. There was only Turkmenbashi and no one else was empowered. The United States had no brief on which delimitation methodology should be used but one firm aspect of American policy was that no solution must hinder the transportation of natural resources across the Sea. Russia and Iran would never agree to a new pipeline across the Caspian, but their approval was unnecessary as long as Turkmenistan and Azerbaijan could agree to delimitation.

A Green Light for Bilateral Expert-Level Discussions...

¶7. (C) Meredov asserted that Berdimuhammedov had given a green light to begin expert-level discussions with Turkmenistan's Oil and Gas Ministry to explore the possibilities of delimitation and a pipeline. Mann noted that, if the two sides agreed to build a pipeline, there was in fact no need to decide exactly where the border should be. However, he agreed that the United States would send experts to Turkmenistan for further discussions.

...and for Commercial Involvement

¶8. (C) Mann also suggested that companies that could take the lead in the planning for a trans-Caspian pipeline -- as British Petroleum had done in Azerbaijan and Chevron had done in Tengiz -- needed to become involved and to come to Turkmenistan. Meredov noted that a Production Solution Group (PSG) involving Shell, Bechtel and General Electric had been involved in the previous planning for the Trans-Caspian pipeline. Any companies needed to be world-class. Mann agreed to advise U.S. firms to consider the possibilities for Turkmen investments.

Mann Pushes for Freedom of Movement

¶9. (C) Following the meeting, Mann had a 10-minute sidebar meeting with Meredov. Mann noted that Washington was inclined to believe that Berdimuhammedov genuinely wanted Turkmenistan to develop in a different way. Washington policymakers in fact wanted to do much more with Turkmenistan, but Turkmenistan also needed to make "real" changes. These changes did not need to be overnight, nor should Turkmenistan think we were asking for changes that would endanger the government, however, we needed to see some actions. Human rights is the most sensitive area, Mann noted, but there still should be much that Turkmenistan could do without risk to the leadership.

¶10. (C) Pointing out that Berdimuhammedov had established an election commission and that the President himself would head another special commission to examine reforms within Turkmenistan's security structure, Meredov claimed that Berdimuhammedov understood the problems and saw the need for change. Turkmenistan would invite the UN Rapporteur on Freedom of Religion to visit, and was looking to see what it could do for religious minority groups. Mann responded that the United States understood and valued those initiatives, but for example, was looking for changes to Turkmenistan's freedom of movement restrictions: the government should flatly eliminate all restrictions on departure. After making only a perfunctory comment that Turkmenistan did not have a blacklist, Meredov told PDAS Mann that "we will be looking at that issue." Mann also insisted that Turkmenistan could also let Maral Yklymova, the daughter of overseas activist

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suspected of complicity in the 2002 assassination attempt, depart Turkmenistan with no danger to the regime. Rather than objecting vehemently that Yklymova deserved to be in prison rather than under house arrest, as he had in a November meeting with the Charge, Meredov silently nodded. Mann reiterated that overall, Washington was not asking Turkmenistan to "jump higher than its head," but it did need to focus on the issues and set actions in motion.

Comment

¶11. (C) Meredov continues to give the impression that he, at least, is serious about seeing Turkmenistan's relationship with the United States move forward. Berdimuhammedov clearly has decentralized decision-making to giving Meredov wide authority in foreign affairs. Meredov is now talking intelligently about the need for reform but he has yet to make any genuine change in the functions that fall under him -- visas and freedom of movement. Meredov is noticeably more confident and decision than under Niyazov, though he has yet to make any bold moves on his own. End Comment.
BRUSH